

# *Welcome to the Standing Committee on Planning Webinar Series*

Today's Webinar will begin at 11:30 AM EDT  
Please Dial: 916-233-3089 and enter Access Code: 173-583-251

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## **Webinar #1: “A Washington Briefing” June 22, 2009**



# Agenda

- Welcome – Deb Miller, Secretary, Kansas Department of Transportation
- Presentations and Follow-up Questions
  - Janet Oakley, AASHTO, “*Surface Transportation Authorization: Status and Outlook*”
  - Bill Malley, Perkins Coie LLP, “*Climate Change: Legislative Outlook and Update*”
  - Joung Lee, AASHTO, “*Funding: The Immediate Crisis and Outlook*”
- Closing Remarks – Deb Miller



# Game Plan

- 15 minute presentation, followed by
- 10 minute (maximum) Q&A
  - Type your question into the “question box” in the web application
  - The moderator will select from the questions entered to provide a range of discussion
  - The moderator will read selected questions aloud
  - Note that you may ask at any time; however all questions will be held until the end of the individual discussions
- Closing and Next Steps – Deb Miller
  - Cross-cutting questions may be addressed as time permits





# **SURFACE TRANSPORTATION AUTHORIZATION: Status and Outlook**

**Janet Oakley**

*Director of Policy and Government Relations*

# Discussion Items

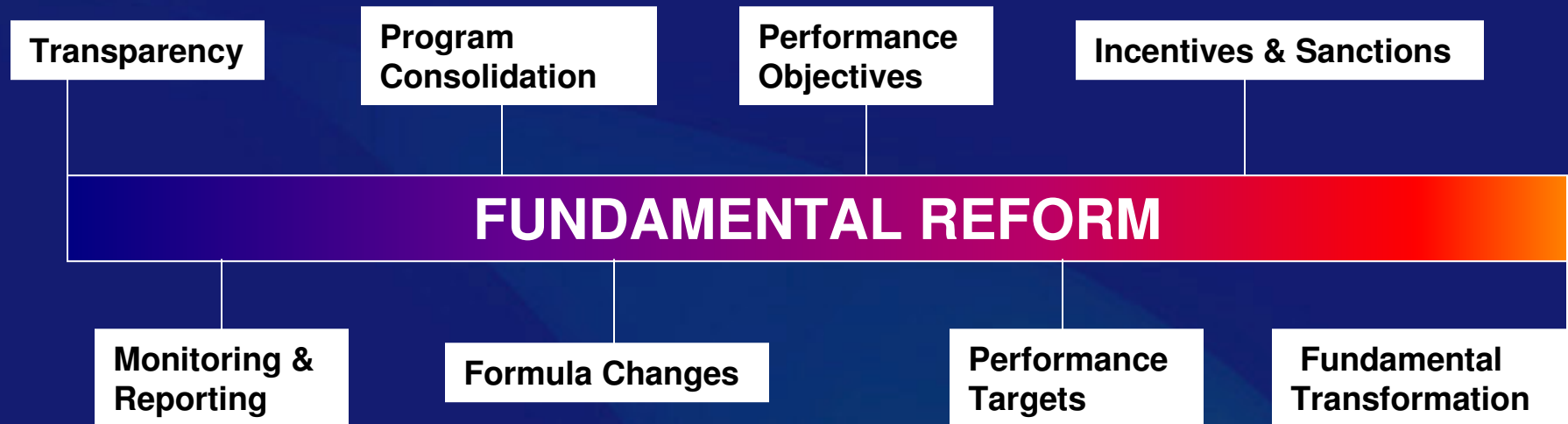
- Reform Agenda: Key Emerging Policies and Positions
- House T & I Surface Transportation “Blue Print”
- U.S. DOT
- Other Legislation with Planning Implications

# Reform Agenda

## Key Emerging Ideas and Policies

- Program Consolidation
- State, Metro, Local Partnerships --Devolve Decision Making
- Metro Mobility – Major Program Focus
- Transportation Investments to Leverage Sustainability/Livability
- Performance and Accountability
- Cost-Benefit Analysis – Address Externalities
- Funding Reform Overlay

# Reform Agenda



# Oberstar Blueprint Surface Transportation Act

- \$450 billion, six-year bill for highways, highway safety and transit
- \$50 billion for high speed rail corridors
- Consolidates or Terminates 75 Programs
- Requires Performance Standards and Establishes Project Level Accountability
- Gives greater role and funding to metro areas



# Program Consolidation Highways

- Critical Asset Investment [IS, NHS, Bridges on the NHS]-- \$100 B
- Highway Safety Investment -- \$12.6

## Everything Else \$162 B

- \*Surface Transportation
- CMAQ [suballocation to large metro areas]
- Freight Improvement Program
- Indian Roads, Territories, PR

# Surface Transportation Program

- Suballocates Obligation Limitation Annually
- No changes in formula or eligibilities
- 10% of funds must be spent on TEs
- Change in suballocation ??? Not known at this point

# Program Consolidation Discretionary Programs

- Projects of National Significance  
\$25 B
- Metropolitan Mobility and Access  
Program (MMA)

# Metropolitan Mobility and Access MMA Program

- \$50 Billion [\$1 B per MMA]
- Access to loans, loan guarantees, credit assistance through National Infrastructure Bank
- Accountable for meeting specific performance measures

# Performance and Accountability

- Quantifiable Performance Targets and Minimum Improvement Levels
- CAI Investment Plan approved by USDOT
- Annual Reports
- Projects must be consistent with Investment Plans for USDOT approval

# Planning Requirements

- Stronger Role for rural agencies
- Expands scope of process to require consideration of climate change, livability, sustainability, public health, housing, land use
- Creates an emissions reduction process – EPA and USDOT role; minimum requirements for emission reduction targets and strategies

# Revenue

## \$500 Billion Total – Hwy, Transit, Rail

- \$230 Billion HTF
- \$20 Billion General Fund
- \$150 Billion National Infrastructure Bank
- \$100 Billion undefined

# Concerns

- Less Apportioned to the States
- More dollars for metros & less for rural areas
- Shifts decision making to MPOs and locals
- States will be held accountable for performance but not given the resources or decision making authority to achieve results



# U.S.DOT

## 18-month Extension with Reform

“...critical reforms to help us make better investment decisions with **cost-benefit analysis**, focus on **more investments in metropolitan areas**, and promote the concept of **livability** to more closely link home and work...The administration **opposes a gas tax increase** during this challenging, recessionary period, which has hit consumers and businesses hard across our country.”

# Other Bills

- S. 1036 Federal Surface Transportation Policy and Planning Act of 2009: Rockefeller-Lautenberg
- HR 2724 National Transportation Objectives Act of 2009: Holt-Inslee-Carnahan
- HR 1443 and S 584 “Complete Streets”
- HR 2782 Walz – requires State plans to be developed “cooperatively” with regional transportation planning organizations
- S.787 to Amend CWA to redefine federal jurisdiction over waters
- Various Climate Related Bills

# Surface Transportation Outlook and Considerations

- HTF Cash Flow and Program Stability
- Interim Funding
- Congressional Agenda
- Election Cycle

# Questions?



Thank you,  
Janet Oakley  
[joakley@aaashto.org](mailto:joakley@aaashto.org)



# **Climate Change: Legislative Update and Outlook**

**Presentation to the  
Standing Committee on  
Planning**

**June 22, 2009**

**Bill Malley  
Perkins Coie LLP  
Washington, DC**



# Overview

- Overlap of Climate & Transportation Bills
- Key Legislative Proposals
- Potential Changes to Planning Process
  - AASHTO Authorization Policy
  - Waxman Markey Section 222 ("Matsui Bill")
  - AASHTO / AMPO Response to Section 222
  - House T&I Proposals
- Next Steps

# Overlap of Climate Change & Transportation Bills

- Two major arenas:
  - Climate Change Legislation
  - Transportation Authorization
- Both include changes to transportation planning process.
- Different timing – climate bill is moving faster, at least so far.
- Key challenge – working in both arenas to achieve outcome acceptable to DOTs.

# Key Legislative Proposals

- Climate Change:

- House:

- HR 2454, Waxman-Markey passed in committee, going to a vote in the full House by mid-July; include energy and climate change (cap-and-trade)

- Senate:

- Energy bill passed committee, but does not include climate change (cap-and-trade)
    - Cap-and-trade will be addressed after House acts, likely later this year



# Key Legislative Proposals

- Transportation Authorization

- House:

- T&I Committee released "outline" on June 18; full bill coming soon, mark-up possible later this month
    - Holt-Inslee-Carnahan (HR 2724) – defines transportation goals and objectives

- Senate:

- EPW committee not moving as fast as T&I
    - Rockefeller-Lautenberg (S. 1036) - defines transportation goals and objectives

# Potential Impacts on Planning Process

# Planning & Climate Change: Potential Approaches

- AASHTO Policy (as adopted by Board)
- Waxman-Markey Section 222
- CLEAN-TEA
- T&I Committee Outline



# AASHTO Policy

- In authorization policies adopted by the Board in 2008, AASHTO recommended:
  - Update the 'planning factors' to include a specific reference to climate change
  - Require statewide and metropolitan planning process to address
    - Reducing transportation GHG emissions
    - Adapting to impacts of climate change
  - Do not apply 'conformity' for GHGs.

# Waxman-Markey Section 222

- Includes a new set of transportation planning requirements, aimed at reducing GHG emissions from transportation sector.
- Overall approach:
  - Included in Clean Air Act; not part of Title 23.
  - EPA would have lead role in implementation and oversight.
  - Would be separate from, but linked to, the existing planning processes under Title 23.

# Section 222: How it Works

- Five key ingredients ...
  - GHG Reduction Goals & Targets
  - GHG Reduction Plans
  - EPA Regulations on "Models and Methods"
  - EPA Certification
  - EPA Grants for Transportation Projects



# Sec 222: Emission Reduction Goals

- Goals and Targets:
  - States must develop goals for transportation GHG emission reductions.
  - Goals must be set for 4, 10, & 20 year periods
  - Goals must be set jointly (with "concurrence") by State transportation and air quality agencies
  - Goals must include "**targets**" to designed to ensure that emissions "stabilize and decrease" after a designated year.

# Sec 222: Emission Reduction Plans

## ■ Plans

- Plans to achieve GHG reduction goals must be submitted every four years "as part of" all long-range plans and TIPs by MPOs with over 200k.
- Must be submitted to USDOT and EPA.
- Must be based on "models and methodologies" determined by EPA in new regulations
- Must be developed with agency coordination, public involvement, scenario planning, etc.



# Sec 222: EPA Rulemaking Role

- Regulations:

- EPA issues regulations defining "models and methodologies" for use in developing GHG reduction goals, plans, and strategies.
- Regulations must address:
  - Data collection techniques for GHG emissions
  - Methods for determining emissions baseline
  - Methods for "scenario analysis"
  - Methods for estimating GHG emissions reductions from various strategies

# Sec 222: EPA Certification of Plans

## ■ Certification

- EPA does not review "adequacy" of goals or plans, but ...
- EPA must determine if plan is "likely to meet" a State's GHG reduction goals –
  - If so, EPA "certifies" the plan
  - If not, the State or MPO must resubmit the plan within 1 year.
- If plan is certified, projects in the plan are eligible for EPA grants under this program.
- No timeline for EPA review/certification.

# Sec 222: EPA Grant-Making Role

## ■ Grants

- Establishes competitive grant program, administered by EPA
- MPOs, not States, are eligible recipients
- Grants can be used to
  - Develop GHG reduction plans
  - Carry out projects in GHG reduction plans, if plan has been "certified" by EPA



# Sec 222: AASHTO/AMPO Response

- Oppose inclusion of Section 222 (Matsui bill) in Waxman-Markey
- Support inclusion of climate change requirements in existing planning process as part of transportation authorization

# CLEAN-TEA

- Similar bills introduced this year in House and Senate (HR 1329 and S575)
- Not included in Waxman-Markey
- Similar to Section 222, except:
  - Gives greater role to USDOT in leading the emissions reduction planning process
  - Commits 10% of cap-and-trade revenues to transportation projects that reduce GHG emissions
    - Not likely to be able to capture those revenues for transportation

# T&I Outline

- 90-page outline; no specifics yet
- Would require planning process for reducing GHG emissions from transportation sector
- Key features:
  - Add climate change to list of planning factors
  - EPA and DOT would oversee development of plans for reducing transportation GHG emissions
  - Would set 'minimum requirements' for GHG emissions reduction targets



# T&I Outline: Policy

- Excerpts from T&I outline (p. 25)
  - "Includes new statements of general policy affirming that it is in the national interest to
    - "Reduce fuel consumption, reliance on foreign oil, impacts on the environment and greenhouse gas emissions; and
    - "Encourage livability, sustainability, coordination, and connectivity."

# T&I Outline: Planning Factor

- "Expands the scope of the planning processes to require consideration of projects and strategies that will -
  - "Increase sustainability, connectivity, and livability;
  - "Reduce transportation-related greenhouse gas emissions, reliance on foreign oil, and the impacts of climate change;
  - "Improve public health; and
  - "Promote consistency among transportation, housing, and land use patterns."



# T&I Outline: Planning Process

- "Creates an emissions reduction process that:
  - "Requires the Environmental Protection Agency and DOT to set national emissions reduction goals, as well as standardized models and methodologies for use in developing emissions reduction targets;
  - "Requires States and MPOs to develop emissions reduction targets and strategies designed to meet national goals as part of the transportation planning process;
  - Sets minimum requirements for States' and MPOs' emissions reduction targets and strategies;
  - "Requires public notice of States' and MPOs' emissions reduction targets and strategies; and
  - " Links the emissions reduction requirements to performance measures and MPO certification."

# Next Steps

- Ongoing discussions between House energy & transportation committees regarding Section 222 vs. other approaches
- Should have more information this week when T&I releases bill language and/or climate bill goes to the House floor
- AASHTO will continue advocacy jointly with AMPO regarding both bills.

# Questions?

Thank you,  
Bill Malley

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# **Funding: The Immediate Crisis and Outlook**

**Joung Lee**

*Associate Director for Finance and Business Development*

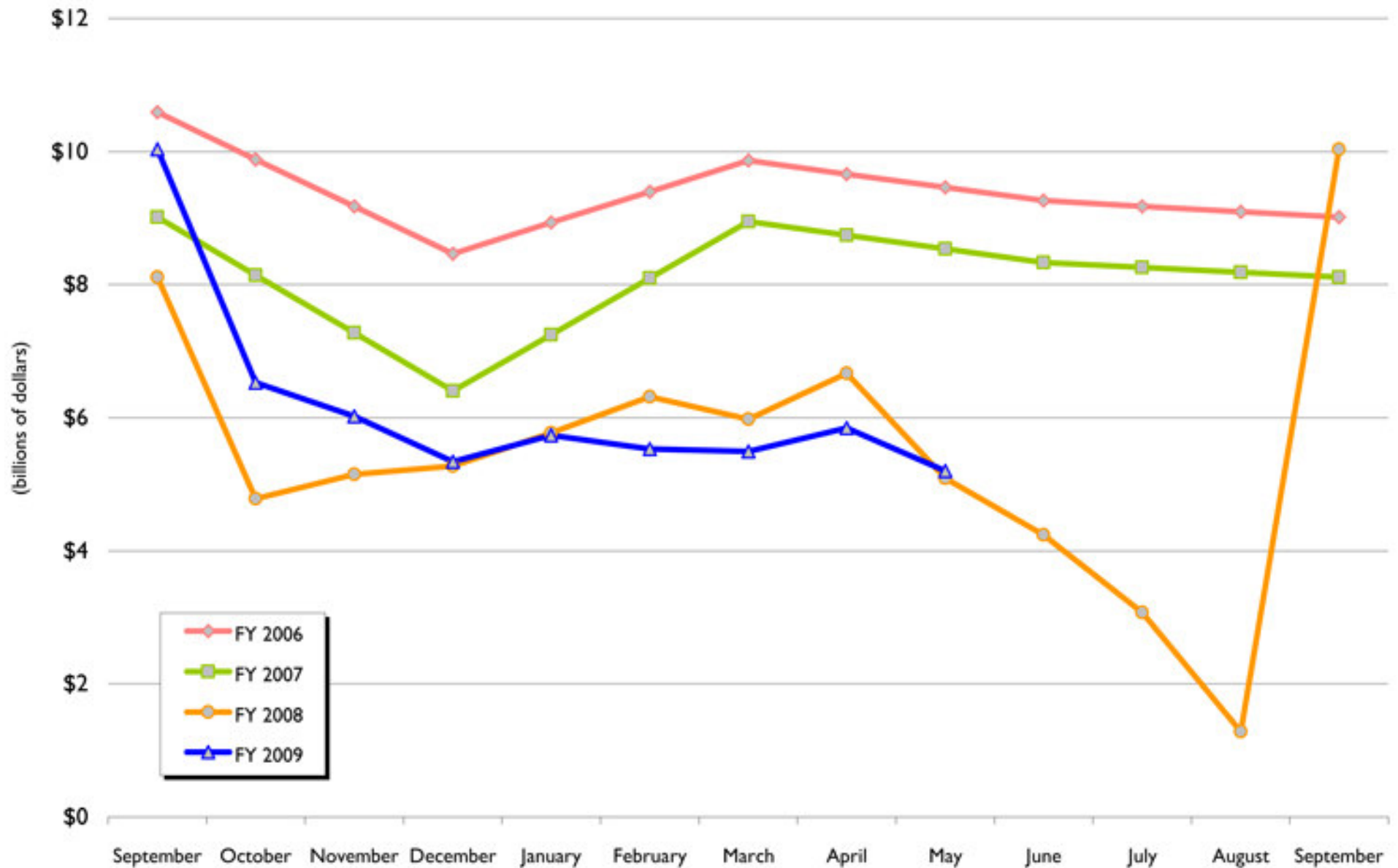
**AASHTO**

# Objectives

- **Provide a status report on the Federal Highway Trust Fund**
- **Outlook and options for near term funding options**



## Highway Account Balance



Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.

# FY 2010 Budget

- Administration's FY 2010 Budget Proposal for Federal-aid Highway Program
  - \$5.7 billion from HTF (86% drop from FY 2009)
  - \$36.1 billion from General Funds (not currently accounted for in FY 2010 Budget Resolution)
- Highway program Contract Authority threatened
- “Placeholder” item in *Appendix*, not policy

# USDOT's HTF Assessment

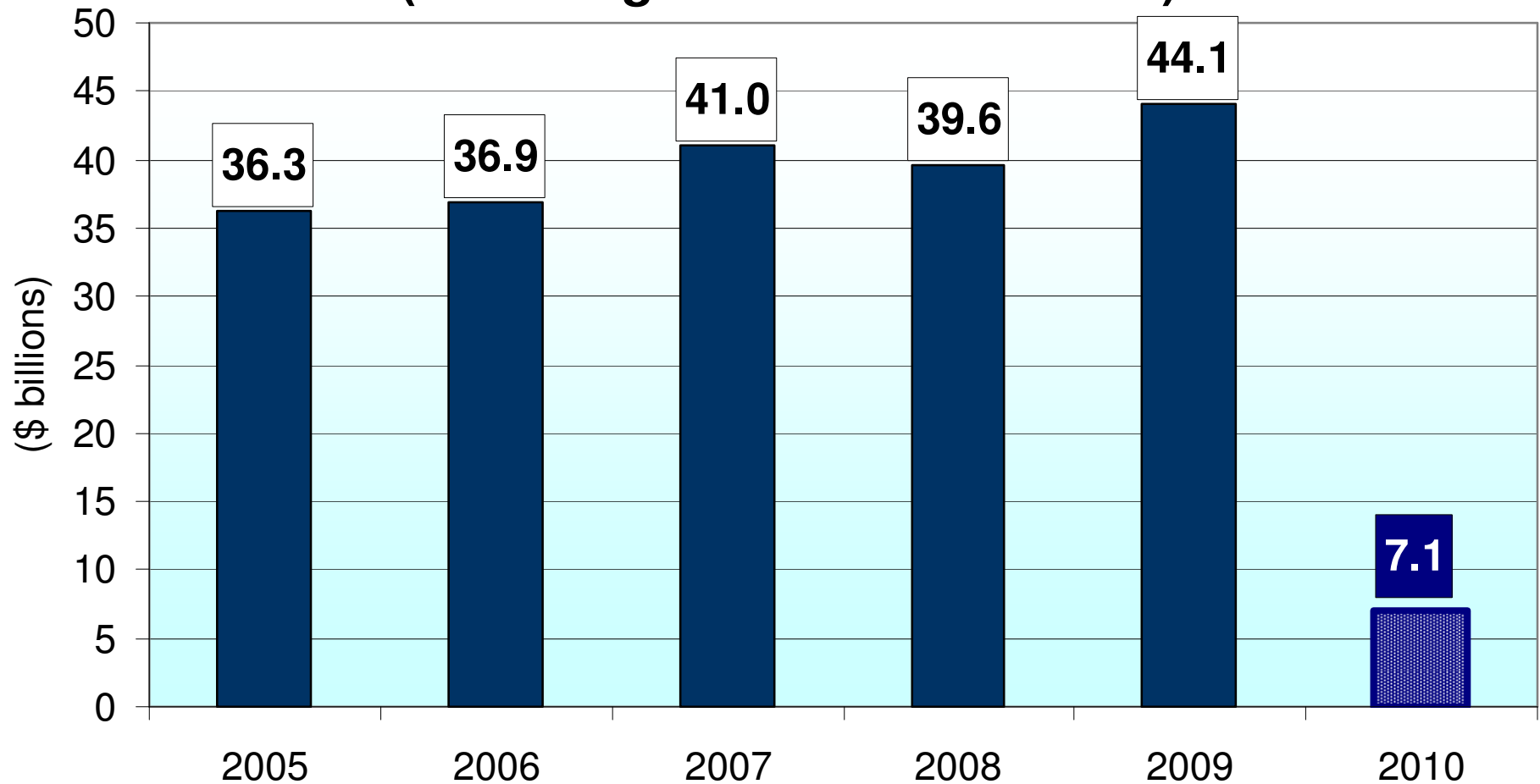
- Current FHWA HTF Projections
  - FY 2009: Receipts \$29.3 B; Outlays \$40.4B
  - FY 2010: Receipts \$32.6 B; Outlays \$42.2B
- To stay solvent:
  - \$5-7 billion extra needed in FY 2009
  - \$8-10 billion extra needed in FY 2010



# Option #1 – Do Nothing

- Pro-rata reduction in Federal reimbursements as proposed in September 2008
- Would result in growing backlog of delayed payments over time and corresponding pressure on state cash positions

# Reduced Highway Trust Fund-Supported Highway Program Level Beyond 2009 (including NHTSA and FMCSA)



# Option #1 – Impact on States

- Survey in April 2009 estimating 35% program cut in FY 2010
- Sample of state comments
  - “...Negate the positive impact of ARRA funding...”
  - “...cannot afford to carry reimbursements any longer than necessary.”
  - “...pavement preservation, bridge, and maintenance would sustain the bulk of the cuts.”
  - “Not only would current deficiencies go untreated, most will cost significantly more to address in the future.”

# Option #2 – USDOT Proposal

- 18-reauthorization extension
  - Provide \$13 to 17 billion cash to HTF to carry through until end of FY 2010
  - Not yet clear where money would come from
  - Would also include "critical reforms to help us make better investment decisions with cost/benefit analysis, focus on more investments in metropolitan areas, and promote the concept of livability to more closely link home and work."

# Option #3 – AASHTO Proposal: Restoration of HTF Resources

- Similar to September 2008 restoration of \$8 billion write-off from HTF in TEA-21
- Credit HTF for:
  - Excise tax increase credited to General Fund for deficit reduction purposes
  - Foregone interest payment
  - HTF outlays for emergency spending above and beyond authorized amount

Proposed Action	Revenues Foregone from the Highway Account	Revenues Foregone from the Mass Transit Account	Total Revenues Foregone from the Highway Trust Fund
Reimburse HTF for revenues from 4.3 cent per gallon federal excise tax increase enacted in 1993 that were credited to the General Fund during FY 1994-97	<b>\$17.8 B</b>	<b>\$4.5 B</b>	<b>\$22.3 B</b>
Reimburse the Highway Trust Fund for interest on HA and MTA balances that were credited to the General Fund between FY 1999 and FY 2008: a. Interest on the actual balance <sup>[1]</sup> b. Interest if \$8 billion had not been transferred from the Highway Account in FY 1998 to the General Fund	<b>a. \$11.55 B</b> <b>b. \$17.64 B</b>	<b>a. \$5.22 B</b> <b>b. \$5.22 B</b>	<b>a. \$16.77 B</b> <b>b. \$22.86 B</b>
3. Reimburse the Highway Account for emergency highway repairs that were charged to the Highway Account since FY 1989	<b>\$7.3 B</b>		<b>\$7.3 B</b>



# Questions?



Thank you,  
Joung Lee  
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# Closing Remarks

Thank you,  
Deb Miller and the Standing committee on Planning

